

Bralorne
Oil & Gas
Limited

AR29

INTERIM REPORT

SIX MONTHS ENDED JUNE 30, 1969

BRALORNE OIL & GAS LIMITED

INTERIM REPORT FOR THE SIX MONTHS ENDED JUNE 30, 1969

To the Shareholders:

Net production from the company's properties was 86,693 barrels of oil and 309 million cubic feet of natural gas. Comparative consolidated financial information is shown in the attached statements. The substantial increase in working capital during the period was primarily due to sales of the company's interests in the West Provost Gas Unit in Alberta and in four wells located in the Ebor field in Manitoba.

The company has agreed, subject to audit and title verifications, to purchase all of the shares of Carleton Oil & Gas Development Co. Ltd., which owns interests in producing properties located in the Yoyo Gas Field, British Columbia, Nipisi-Gilwood, Provo-Viking Oil and the Rainbow Keg River B Units in the Province of Alberta, and Dodsland Field, Saskatchewan. This purchase will approximately double the company's reserves of oil and natural gas, and is part of an active acquisition programme supplementing normal exploration.

Seismic results on Hudson Bay area acreage, where the company has a 10% working interest in approximately 10,000,000 acres, will be evaluated this year with two stratigraphic slim hole tests. The results of offshore drilling on acreage held by others will also be of considerable importance in evaluating our acreage.

The drilling program for the first six months of 1969 included participations in six wells, two of which were classed as wildcat and four as development, and resulted in three oil wells.

The present land holdings include a 50% interest in approximately 1,000,000 acres of Arctic offshore permits located in Lancaster Sound. The lands are situated in an area that will be tested for possible tanker routes to the Alaskan North Slope by the "Manhattan" project.

The company continued to participate in the Can-Fer Exploration Syndicate. Ground work is proceeding on the permit being explored for uranium in Northern Saskatchewan as follow-up of airborne radiometric surveys, and in Ontario, trenching is underway on an uranium find. Work is continuing on several other prospects in various parts of Canada. Thirty-five sections of potential coal-bearing lands have been acquired in Southwestern Alberta and assessment of the ground has begun.

Arrangements were made to list the company on the Vancouver Stock Exchange and the shares were called for trading on June 26th.

On behalf of the Board,

President.

BRALORNE OIL & GAS AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF SOURCE AND DISPOSITION OF WORKING CAPITAL

For the Six Months ended June 30, 1969 and 1968

| | 1969 | 1968 |
|--|-------------|---------|
| Source of working capital: | | |
| Income (loss) for the period | \$ (13,696) | \$ 817 |
| Depletion and depreciation | 112,060 | 108,701 |
| | 98,364 | 109,518 |
| Share capital issued | 80,000 | — |
| Sale of interests in producing wells | 284,450 | — |
| | 462,814 | 109,518 |

Disposition of working capital:

| | | |
|--|-------------------|-------------------|
| Expenditure on petroleum and natural gas interests and plant and equipment | 129,627 | 110,873 |
| Increase (decrease) in deferred amounts | 3,706 | (1,226) |
| Loan to officer | 80,000 | — |
| | 213,333 | 109,647 |
| Increase (decrease) in working capital | 249,481 | (129) |
| Working capital at beginning of period | 443,479 | 551,553 |
| Working capital at end of period | <u>\$ 692,960</u> | <u>\$ 551,424</u> |

CONSOLIDATED STATEMENT OF INCOME

For the Six Months ended June 30, 1969 and 1968

| | 1969 | 1968 |
|---|--------------------|---------------|
| Oil and gas sales revenues | \$ 269,601 | \$ 258,048 |
| Production expenses | 69,110 | 88,690 |
| Administrative and general expenses | 109,131 | 77,738 |
| | 178,241 | 166,428 |
| | 91,360 | 91,620 |
| Interest earned | 22,780 | 17,898 |
| Income before the undernoted items | 114,140 | 109,518 |
| Depletion | 91,778 | 87,403 |
| Depreciation | 20,282 | 21,298 |
| Mining exploration costs | 15,776 | — |
| | 127,836 | 108,701 |
| Income (loss) for the period | <u>\$ (13,696)</u> | <u>\$ 817</u> |

August 21, 1969.